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Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-06 EUR-12 EA-07 NEA-10 ISO-00
ERDA-05 AID-05 CEA-01 CIAE-00 COME-00 EPG-02
DODE-00 FEAE-00 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-07 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 IGA-02 /136 W
----------041312Z 125053 /41
R 041003Z MAY 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 7923
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY BONN
USMISSION EEC BRUSSELS
AMEMBASSY CARACAS
AMEMBASSY DOAH
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY PARIS
USMISSION OECD PARIS UNN
AMEMBASSY QUITO
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
AMCONSUL DHAHRAN

C O N F I D E N T I A L KUWAIT 2418

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E.O. 11652: GDS
TAGS: ENRG, KU, SA
SUBJECT: KUWAITI OPTIMISM RE OIL PRICE INCREASE COMPROMISE

1. DURING MAY 3 MEETING WITH DEP. PRIMIN/INFO MIN SHAIKH JABER AL-ALI, HE EXPRESSED TO ME OPTIMISM REGARDING A POSSIBLE COMPROMISE OVER THE EXISTING TWO-TIER OIL PRICE

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INCREASE. WHEN I ASKED ON WHAT HE BASED HIS OPTIMISM,
HIS RESPONSE SEEMED TO INDICATE MORE HOPE THAN SUBSTANCE.

2. JABER AL-ALI STATED THAT THE SAUDIS HAD UNOFFICIALLY
INDICATED THEY COULD AGREE TO AN EIGHT PERCENT INCREASE,
BUT WERE NOT PREPARED TO STATE THIS PUBLICLY. AFTER MY RE-
MINDER, JABER AL-ALI ADMITTED THAT THE SHAH HAD MADE IT QUITE
CLEAR HE WOULD NOT AGREE TO ANY INCREASE BELOW TEN PERCENT,
CONSIDERING THAT THIS WOULD BE A CONCESSION BY HIM I.E.,
GIVING UP THE ADDITIONAL FIVE PERCENT SCHEDULED FOR JULY 1.

3. THE DEP. PRIMIN THEN SUGGESTED THAT THE OIL PRICE
INCREASE WOULD BE CLARIFIED WHEN SAUDI CROWN PRINCE FAHD
MET WITH PRESIDENT CARTER. JABER AL-ALI WAS ECHOING
GENERAL FEELING HERE IN KUWAIT THAT THE PRESIDENT WOULD
SOMEHOW PERSUADE FAHD TO AGREE TO A TEN PERCENT
COMPROMISE INCREASE, ALTHOUGH NO LOGICAL REASON CAN BE DEDUCED
FOR THE EXPECTATION OF SUCH PRESIDENTIAL ACTION. DESPITE
MY EXPRESSION OF DOUBT, JABER AL-ALI REMAINED HOPEFUL, PROMPTED,
I AM SURE, BY KUWAITI CONCERN ABOUT THE CONTINUED OPPOS-
ITION OF ITS TWO MAJOR NEIGHBORS, SAUDI ARABIA AND IRAN,
OVER THE OIL PRICE ISSUE.

4. COMMENT: SUCH AN OIL PRICE COMPROMISE WOULD BE MOST
WELCOME IN KUWAIT WHERE CONCERN MENTIONED ABOVE HAS MORE
POLITICAL THAN ECONOMIC OVERTONES. CERTAINLY TWO-TIER
PRICE SYSTEM IS AGGRAVATING TO OIL COMPANIES IN GENERAL AND
THEY WOULD BE HAPPY TO SEE IT RESOLVED. PERHAPS IT MIGHT
BE BEST IF THE SAUDIS WOULD AGREE TO A UNIFIED PRICE INCREASE
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OF TEN PERCENT ON THE CONDITION THAT NO FURTHER INCREASED
WOULD BE SOUGHT DURING 1978.
MAESTRONE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
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Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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Format: TEL
From: KUWAIT
Handling Restrictions: n/a
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Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
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Review Action: RELEASED, APPROVED
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